

A RESOLUTION

14-372

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

February 19, 2002

To declare the existence of an emergency with respect to the need to prohibit certain predatory lending practices with respect to residential mortgage loans, to repeal the Protections from Predatory Lending and Mortgage Foreclosure Improvements Act of 2000, and to revive sections 95, 521, 522, 523, 534, 535, 536, 537, 538, 539, 539a, 544, and 545 of An Act To establish a code of law for the District of Columbia and sections 1, 2, 3, 11, 13, 14, and 26 of the Compiled Statutes of the District of Columbia.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Home Loan Protection Emergency Declaration Resolution of 2002".

Sec. 2. (a) There exists an immediate need to prohibit, on an emergency basis, certain predatory lending practices with respect to residential mortgage loans, to repeal the Protections from Predatory Lending and Mortgage Foreclosure Improvements Act of 2000, effective April 3, 2001 (D.C. Law 13-263; 48 DCR 991)("Predatory Lending Law"), and to revive sections 95, 521, 522, 523, 534, 535, 536, 537, 538, 539, 539a, 544, and 545 of An Act To establish a code of law for the District of Columbia, approved March 3, 1901 (31 Stat. 1271; D.C. Official Code §§ 42-801, 42-802, 42-803, 42-804, 42-811, 42-812, 42-813, 42-814, 42-815, 42-815.01, 42-816, 42-817, 42-818, and 42-819) and sections 1, 2, 3, 11, 13, 14, and 26 of the Compiled Statutes of the District of Columbia (D.C. Official Code §§ 42-805, 42-806, 42-807, 42-808, 42-809, 42-810, and 42-820).

(b) This emergency bill is identical to Bill 14-515, which is intended to prohibit predatory lending practices and would replace D.C. Law 13-263, the Predatory Lending Law. The Predatory Lending Law, together with its regulations, caused a significant amount of confusion and complication in the real estate market. The Predatory Lending Law was intended to be a protection for consumers in the District of Columbia ("District"), but was not meant to confuse the mortgage lending process in such a manner that mortgage lenders would become unwilling to participate in the District's active real estate market.

(c) Following the September 11, 2001 terrorist attacks, the tourism industry dramatically

slowed down. The lack of a tourism industry caused restaurants, retail stores, hotels, and numerous other business temporarily to close their doors and lay off many workers. Fortunately, one of the remaining active parts of the District's economy has been the real estate market. However, the complexity and confusion caused by the Predatory Lending Law precipitated an unpredictable reaction in the real estate market. Some mortgage lenders had been unwilling to lend absent assurances that they would not be held in violation of the Predatory Lending Law.

(d) To solve this problem, the Council passed a 4-month suspension of the Predatory Lending Law to allow for a clarification and revision, where found to be necessary. This time period has permitted the real estate market in the District to continue to thrive and maintain the economic progress of the District as it was before the September 11th attacks. In addition, during this time, the Department of Banking and Financial Institutions, the Committee on Consumer and Regulatory Affairs, and Chairman Linda Cropp's office diligently worked to craft legislation that could become a permanent solution to the problems resulting from the Predatory Lending Law.

(e) The Predatory Lending Law was suspended for a 4-month period which extended from November 6, 2002 through March 6, 2002. Chairman Cropp and the Mayor committed to a short time period to ensure there was legislation that protected District residents from predatory lending practices. As a result of adhering to this limited time period, the Committee worked diligently to draft legislation, hold a hearing, and mark-up Bill 14-515 to ensure passage before the expiration of the suspension.

(f) This emergency is necessary to ensure that there will be substitute legislation in place prior to the expiration of the suspension. The expiration of the suspension occurs on March 6, 2002 and, with that expiration, the Predatory Lending Law would become effective again and cause an insurmountable amount of confusion in the real estate market. This emergency also clarifies the Council's intent to revive the foreclosure laws that had been in effect but were repealed in the Protections from Predatory Lending and Mortgage Foreclosure Act of 2001. The revived foreclosure laws are the current applicable law and have been the applicable law since the time of the suspension on November 6, 2001.

(g) Consequently, it is necessary that the Council adopt this legislation on an emergency basis to avoid any more confusion in the real estate market.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Home Loan Protection Emergency Act of 2002 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.